

CANADIAN PARKS AND WILDERNESS SOCIETY SOUTHERN ALBERTA CHAPTER

Index to Financial Statements

Year Ended March 31, 2014

	Page
INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
Statement of Financial Position	2
Statement of Operations	3
Statement of Changes in Net Assets	4
Statement of Cash Flows	5
Notes to Financial Statements	6 - 12



BUCHANAN BARRY LLP
CHARTERED ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Members of Canadian Parks and Wilderness Society Southern Alberta Chapter

We have audited the accompanying financial statements of Canadian Parks and Wilderness Society Southern Alberta Chapter, which comprise the statement of financial position as at March 31, 2014 and the statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Canadian Parks and Wilderness Society Southern Alberta Chapter as at March 31, 2014 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Calgary, Alberta
August 8, 2014

Buchanan Barry LLP

CHARTERED ACCOUNTANTS

800, B40 - 6th Avenue SW
Calgary, AB, Canada, T2P 3E5

Serving Calgary since 1960,
with associated offices
across Canada and affiliated
internationally.

BHD
A SUBSIDIARY OF
CHARTERED ACCOUNTANTS



tel 403.262.2116
fax 403.265.0845

www.buchananbarry.ca

CANADIAN PARKS AND WILDERNESS SOCIETY SOUTHERN ALBERTA CHAPTER

Statement of Financial Position

March 31, 2014

	2014	2013
ASSETS		
CURRENT		
Cash and cash equivalents <i>(Note 3)</i>	\$ 317,055	\$ 291,056
Accounts receivable	22,243	18,827
Goods and services tax recoverable	2,781	3,151
Inventory	3,683	4,858
Prepaid expenses	2,282	2,603
Due from CPAWS National <i>(Note 4)</i>	92,060	86,550
	<hr/>	<hr/>
	440,104	407,045
CAPITAL ASSETS <i>(Note 5)</i>	19,774	25,773
	<hr/>	<hr/>
	\$ 459,878	\$ 432,818
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 24,618	\$ 21,902
Deferred contributions <i>(Note 6)</i>	247,965	253,760
	<hr/>	<hr/>
	272,583	275,662
DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS <i>(Note 6)</i>	19,223	23,567
	<hr/>	<hr/>
	291,806	299,229
NET ASSETS		
UNRESTRICTED NET ASSETS	168,072	133,589
	<hr/>	<hr/>
	\$ 459,878	\$ 432,818
COMMITMENTS <i>(Note 8)</i>		

APPROVED ON BEHALF OF THE BOARD

_____ Director

_____ Director

CANADIAN PARKS AND WILDERNESS SOCIETY SOUTHERN ALBERTA CHAPTER

Statement of Operations

Year Ended March 31, 2014

	2014	2013
REVENUE		
Foundations	\$ 175,618	\$ 192,741
Individuals	96,874	65,680
Corporations	93,522	102,877
Government	49,495	38,801
Products and services	49,043	19,932
Casino	44,152	51,670
Events	20,998	4,375
Interest	975	-
Royalties	120	90
	<u>530,797</u>	<u>476,166</u>
EXPENSES		
Amortization of capital assets	5,999	3,091
Audit	6,600	5,550
Bank charges	860	801
Consulting	32,124	42,384
National office administration fees	21,643	19,866
Office rent and administration	39,261	56,878
Outreach and member services	651	331
Product purchases	1,345	1,627
Professional development	2,550	2,890
Professional fees	4,436	4,734
Salaries and employee benefits	327,728	318,843
Special events	41,660	7,758
Travel, meals and entertainment	11,457	10,668
	<u>496,314</u>	<u>475,421</u>
EXCESS OF REVENUE OVER EXPENSES	<u>\$ 34,483</u>	<u>\$ 745</u>

CANADIAN PARKS AND WILDERNESS SOCIETY SOUTHERN ALBERTA CHAPTER

Statement of Changes in Net Assets

Year Ended March 31, 2014

	General Fund	2014	2013
NET ASSETS - BEGINNING OF YEAR	\$ 133,589	\$ 133,589	\$ 132,844
Excess of revenue over expenses	34,483	34,483	745
NET ASSETS - END OF YEAR	\$ 168,072	\$ 168,072	\$ 133,589

CANADIAN PARKS AND WILDERNESS SOCIETY SOUTHERN ALBERTA CHAPTER

Statement of Cash Flows

Year Ended March 31, 2014

	2014	2013
OPERATING ACTIVITIES		
Excess of revenue over expenses	\$ 34,483	\$ 745
Items not affecting cash:		
Amortization of capital assets	5,999	3,091
Amortization of deferred capital contributions	(4,344)	(2,697)
	<u>36,138</u>	<u>1,139</u>
Changes in non-cash working capital:		
Accounts receivable	(3,416)	23,737
Goods and services tax recoverable	370	2
Inventory	1,175	1,628
Prepaid expenses	321	550
Due from CPAWS National	(5,510)	(1,554)
Accounts payable and accrued liabilities	2,716	467
Deferred contributions	(5,795)	(8,581)
	<u>(10,139)</u>	<u>16,249</u>
	<u>25,999</u>	<u>17,388</u>
INVESTING ACTIVITY		
Purchase of capital assets	-	(4,119)
FINANCING ACTIVITY		
Deferred contributions related to capital assets	-	4,119
INCREASE IN CASH	25,999	17,388
CASH - Beginning of year	291,056	273,668
CASH AND CASH EQUIVALENTS - End of year	\$ 317,055	\$ 291,056
CASH AND CASH EQUIVALENTS CONSISTS OF:		
Cash	\$ 216,124	\$ 291,056
Term deposits	100,931	-
	<u>\$ 317,055</u>	<u>\$ 291,056</u>

CANADIAN PARKS AND WILDERNESS SOCIETY SOUTHERN ALBERTA CHAPTER

Notes to Financial Statements

Year Ended March 31, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Canadian Parks and Wilderness Society Southern Alberta Chapter ("CPAWS" or "the Society") have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO"). The financial statements have, in management's opinion, been properly prepared using careful judgment with reasonable limits of materiality and within the framework of the significant accounting policies summarized below.

Cash and cash equivalents

Cash consists of cash on hand and bank deposits. Highly liquid investments with maturities of three months or less at date of purchase are considered to be cash equivalents.

Financial instruments policy

Measurement

CPAWS initially measures its financial assets and liabilities at fair value, except for certain related party transactions which are measured at the carrying amount or exchange amount. CPAWS subsequently measures all financial assets and financial liabilities at amortized cost, except equity instruments quoted in an active market, which are reported at fair value with any unrealized gains and losses reported in net income.

Financial assets subsequently measured at amortized cost include cash and cash equivalents, accounts receivable and due from CPAWS National.

Financial liabilities subsequently measured at amortized cost include accounts payable and accrued liabilities.

Impairment

Financial assets subsequently measured at amortized cost are tested for impairment when there are indications that an impairment exists. The amount of write-down is recognized as an impairment loss in net income. A previously recognized impairment loss may be reversed to the extent of an improvement, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net income in the period the reversal occurs.

Transaction costs

CPAWS recognizes transaction costs on financial instruments subsequently measured at fair value in net income in the period incurred. Financial instruments subsequently measured at amortized cost are adjusted for financing fees and transaction costs which are directly attributable to the origination and acquisition of the financial instrument.

Inventory

Inventory consists of hiking guide books and is valued at the lower of cost and net realizable value with the cost being determined on a first-in, first-out basis. In the event that circumstances which previously caused inventories to be written down below cost no longer exist, the amount of the write-down is reversed.

(continues)

CANADIAN PARKS AND WILDERNESS SOCIETY SOUTHERN ALBERTA CHAPTER

Notes to Financial Statements

Year Ended March 31, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital assets

Capital assets are recorded at cost less accumulated amortization. Purchased assets are recorded at cost and donated capital assets are recognized at the fair value on the date of contribution, when it can be reasonably determined.

Capital assets are amortized on a straight-line basis over their estimated useful lives commencing when assets are placed in service at the following annual rates:

Computer equipment	4 years
Computer software	3 years
Furniture and fixtures	10 years
Equipment	6 years

Leasehold improvements are amortized on a straight-line basis over the term of the respective lease.

Contributions of and amounts related to capital assets and donated capital assets are amortized to operations and included as revenue on the same basis as the amortization of the respective capital asset.

Revenue recognition

CPAWS follows the deferral method of accounting. Externally restricted donations are deferred and recognized as revenue over the period in which the estimated program related expenses are incurred. Contributions consist of designated revenue, individual donations, bequests, foundation and corporate grants and donations. Unrestricted contributions are recognized as revenue in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Donations received directly by the Society, for which a tax receipt may be issued by CPAWS National, are recognized as revenue when receivable by the Society.

Donations received directly by CPAWS National are shared between CPAWS National and the regional chapters based upon the donor's place of residence and the budget distribution guidelines of CPAWS National. Donations received by CPAWS National and distributed to the Society as designated by the donor are recognized as revenue when the funds are receivable by the Society.

Contributed materials and services

CPAWS, in common with many non-profit organizations, makes extensive use of volunteers and donated materials in conducting its activities. Volunteers contribute an indeterminable number of hours per year to CPAWS. Due to the difficulty in determining their fair value, no attempt has been made to quantify the value of volunteer services in these financial statements.

Donated materials are recorded as donations revenue at their market value at the time the materials are donated where the market value can be readily determined if these materials are used in the normal course of operations, would otherwise be purchased by CPAWS and their market value can be reasonably estimated.

(continues)

CANADIAN PARKS AND WILDERNESS SOCIETY SOUTHERN ALBERTA CHAPTER

Notes to Financial Statements

Year Ended March 31, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Measurement uncertainty

The preparation of financial statements in conformity with Canadian ASNPO requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Estimates and assumptions include the estimated useful life of capital assets for amortization purposes, the net recoverable amount of Due from CPAWS National, accounts receivable, inventory and capital assets, estimates of fair market value of financial instruments and the amount of restricted contributions recognized as revenue in relation to work accomplished during the year on CPAWS projects. By their nature, these estimates are subject to measurement uncertainty, and the effect on the financial statements of changes in such estimates in future periods could be significant as additional information becomes available.

2. PURPOSE OF THE ORGANIZATION

The Canadian Parks and Wilderness Society Southern Alberta Chapter was incorporated under the Alberta Societies Act on April 30, 2003. CPAWS conducts regional activities on behalf of and in association with The Canadian Parks and Wilderness Society ("CPAWS National"), a registered charity dedicated to protecting Canada's wild ecosystems in parks, wilderness and similar natural areas. CPAWS also promotes awareness and understanding of ecological principles and the inherent values of wilderness through education, appreciation and experience.

CPAWS' activities are conducted in accordance with and pursuant to Agency and Affiliation agreements with CPAWS National.

CPAWS operates as a separate financial entity from CPAWS National and other regional chapters. As a result, CPAWS' financial statements reflect only the financial operations of the Society.

CPAWS is classified as a non-profit organization under the Income Tax Act (Canada) and, as such, is exempt from income taxes.

These financial statements have been prepared on a going concern basis, which assumes that the Society will be able to realize its assets and discharge its liabilities in the normal course of business. Continuation as a going concern is dependent on the Society's ability to continue to collect grants and donations and put these funds to use in charitable conservation projects.

3. CASH AND CASH EQUIVALENTS

Cash and cash equivalents includes \$850 (2013 - \$45,002) of cash explicitly externally restricted pursuant to Alberta Gaming regulations for purposes of future qualifying expenditures (Note 6).

Cash equivalents consist of a guaranteed investment certificate in the amount of \$100,931 (2013 - \$Nil). This investment has a 90 day maturity and earns interest at a rate of 1.25% per annum.

CANADIAN PARKS AND WILDERNESS SOCIETY SOUTHERN ALBERTA CHAPTER

Notes to Financial Statements

Year Ended March 31, 2014

4. DUE FROM CPAWS NATIONAL AND RELATED PARTY TRANSACTIONS

CPAWS is related to CPAWS National through an affiliation agreement which grants CPAWS the right to use certain licensed material and trademarks owned by CPAWS National, defines the geographic area (southern Alberta) in which CPAWS is authorized to carry out charitable programs on behalf of CPAWS National and the services CPAWS National agrees to provide to CPAWS to allow it to carry out its activities.

CPAWS must conform to the bylaws, regulations, fundraising practices and procedures and strategic plan of CPAWS National but the two parties operate independently and CPAWS is not an agent of CPAWS National. CPAWS National maintains status as a registered charity and therefore processes and issues tax receipts on behalf of CPAWS.

The amount due from CPAWS National is comprised of the net amount of CPAWS' portion of funds receivable from the National Office. These funds are generally due within 45 days of the end of the quarter. In cases where funding is received for projects of several months to a year in duration, under the contractual arrangement between CPAWS and CPAWS National for CPAWS to carry out such work, the funds will be disbursed to CPAWS over the course of the contract period.

During the year CPAWS paid \$21,643 (2013 - \$19,866) to CPAWS National in processing and administration fees. These transactions are in the normal course of operations and are recorded at the exchange amount, which is the amount agreed to by the related parties.

The activities of CPAWS are dependent on the license of trademarks and material owned by CPAWS National as well as the processing of donation receipts through CPAWS National. If CPAWS National were to withdraw from the affiliation agreement with CPAWS, it would be very difficult for CPAWS to continue operations into the future.

5. CAPITAL ASSETS

	Cost	Accumulated amortization	2014 Net book value	2013 Net book value
Computer equipment	\$ 5,122	\$ 3,640	\$ 1,482	\$ 2,831
Computer software	2,895	2,895	-	-
Furniture and fixtures	3,192	373	2,819	3,139
Equipment	6,062	4,466	1,596	2,054
Leasehold improvements	18,395	4,518	13,877	17,749
	<u>\$ 35,666</u>	<u>\$ 15,892</u>	<u>\$ 19,774</u>	<u>\$ 25,773</u>

CANADIAN PARKS AND WILDERNESS SOCIETY SOUTHERN ALBERTA CHAPTER

Notes to Financial Statements

Year Ended March 31, 2014

6. DEFERRED CONTRIBUTIONS

The amounts representing deferred contributions, operating and capital, at the end of 2014 and 2013 are restricted in the manner in which such funds may be used. The restrictions are determined by contractual arrangements between CPAWS and the specific funding organization.

	Opening balance	Additions during the year	Recognized as revenue	2014
Alberta gaming revenue	\$ 45,002	\$ -	\$ 44,152	\$ 850
Castle wilderness	43,775	106,425	80,271	69,929
Foundation education grants	94,398	174,290	144,802	123,886
Alberta Community Spirits	-	12,604	11,550	1,054
Land use framework and parks	55,584	6,520	21,946	40,158
Grizzly bear awareness	-	6,429	342	6,087
Other	15,001	11,890	20,890	6,001
Deferred contributions - Operations	253,760	318,158	323,953	247,965
Deferred contributions - Capital Assets	23,567	-	4,344	19,223
Total deferred contributions	\$ 277,327	\$ 318,158	\$ 328,297	\$ 267,188

7. EMPLOYEE BENEFITS

CPAWS' full-time and qualifying part-time employees receive certain registered retirement savings pension plan, health care and insurance benefits.

Under CPAWS' non-contributory self-directed employee registered retirement savings pension plan, employee contributions are matched by CPAWS to a maximum of 3% of the employee's gross salary. Under this arrangement, the contributions made by CPAWS on behalf of employees are invested and controlled by the employees. The individual plans are managed by a third party financial institution. In 2014, CPAWS paid \$3,325 (2013 - \$4,268) into these plans.

CPAWS also provides health care and life insurance coverage while qualified employees are working for CPAWS. Under these employee joint cost sharing plans, once employment ceases, the coverage is terminated. In 2014 CPAWS paid \$6,916 (2013 - \$4,075) with respect to health care and insurance coverage.

CANADIAN PARKS AND WILDERNESS SOCIETY SOUTHERN ALBERTA CHAPTER

Notes to Financial Statements

Year Ended March 31, 2014

8. LEASE COMMITMENTS

CPAWS entered into a five year lease for office space including charges for telephone and internet services at the Bob Niven Centre at Canada Olympic Park in Calgary, Alberta, commencing on November 1, 2012. The date of physical occupancy was January 1, 2013. Future minimum lease and service payments at March 31, 2014 are as follows:

2015	\$	12,960
2016		12,960
2017		12,960
2018		7,560
		<u>7,560</u>
	<u>\$</u>	<u>46,440</u>

9. FINANCIAL INSTRUMENTS

CPAWS is exposed to various risks through its financial instruments. The following analysis provides a measure of the entity's risk exposure and concentrations at the balance sheet date.

Credit risk

Credit risk arises from the possibility that third parties may default on their financial obligations. CPAWS is exposed to credit risk on cash and cash equivalents, accounts receivable and due from CPAWS National.

CPAWS' accounts receivable are due from a diverse group of customers and as such are subject to normal credit risks.

CPAWS is exposed to a concentration of credit risk to the extent that \$92,060 in donations and grants receivable are held with CPAWS National. Of this amount \$32,177 is over 90 days overdue, reflective of the term of project work over which funding will be received. CPAWS has not set up an allowance in relation to these receivables, nor have they ever experienced bad debts in relation to the amounts owing from CPAWS National.

CPAWS' credit risk exposure on cash and cash equivalents is minimized substantially by ensuring that cash and guaranteed investment certificates are held with credible financial institutions.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is comprised of currency risk, interest rate risk, and other price risk as further described below.

Currency risk

Currency risk is the risk that the value of financial instruments denominated in currencies other than the reporting currency of CPAWS will fluctuate due to changes in foreign exchange rates. CPAWS is not exposed to significant currency rate risk.

(continues)

CANADIAN PARKS AND WILDERNESS SOCIETY SOUTHERN ALBERTA CHAPTER

Notes to Financial Statements

Year Ended March 31, 2014

9. FINANCIAL INSTRUMENTS *(continued)*

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. CPAWS is exposed to interest rate risk to the extent that the guaranteed investment certificate carries a fixed rate of interest.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. CPAWS is not exposed to significant other price risk.

Liquidity risk

Liquidity risk is the risk that CPAWS will encounter difficulty in meeting obligations associated with financial liabilities. CPAWS is not exposed to significant liquidity rate risk.
